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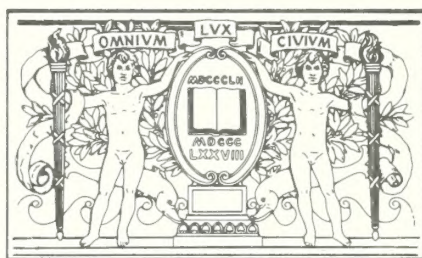
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BUDGET IMPROVEMENTS IN BOSTON

Boston Municipal Research Bureau
One Court Street,
Boston, Mass.

August 5, 1940

BOSTON MUNICIPAL RESEARCH BUREAU
One Court Street
Boston, Mass.

August 5, 1940

Special Commission to Study
Boston Budget and Appropriating Procedure,

Gentlemen:

In recent months the Boston Municipal Research Bureau has emphasized to the members of your Commission the advantages of prompt budgeting in Boston to obtain twelve months' control of city finances. Difficulties seem to have arisen which make acceptance of this recommendation unlikely at the present time.

Submitted herewith is a minimum program of budget improvement which incorporates the views of various members. For clarity the document presents separately the suggested revisions of individual sections of Senate Bill 510, preceded in each case by a text explaining why the revision seems advisable.

Naturally the legislative material is only in draft form, but it should serve as a basis of discussion and decision prior to final bill-drafting work.

Very truly yours,

H. C. LOEFFLER,

Secretary

Members of Commission:

Senator Laurence Curtis of Boston, Chairman
Rep. Charles H. Cooke of Athol, Vice-Chairman
Rep. Enrico Cappucci of Boston
Rep. Abraham Zimon of Boston
Theodore N. Waddell, State Director of Accounts
Francis X. Lang, Boston Budget Commissioner
Charles J. Fox, Boston City Auditor
Wilfred J. Doyle, Boston City Clerk
Alexander M. Sullivan, Business Manager, Boston School Committee

Edgar M. Mills, Secretary

BUDGET IMPROVEMENTS IN BOSTON

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BUDGET IMPROVEMENTS IN BOSTON

Introduction

At the 1939 session of the General Court a bill (Senate 510) was introduced which would have revised the budget calendar of Boston so that the city budget would go into effect at the beginning of each fiscal year. It narrowly missed enactment because of technicalities and last-minute differences of opinion.

Thereupon a Special Commission was appointed to study the question and make recommendations. The scope of its resolve (Chapter 46 of 1939) is broad enough to enable the Commission to survey related questions found in the laws and ordinances affecting Boston's budget procedure and in the rules of the School Committee.

Shortly after the Commission organized, the Municipal Research Bureau submitted a report of background material for use in studying the problem. Contained in it were the special laws on public budgeting in Boston, extracts from the General Laws, and a brief discussion of budget practice in other large cities.

Commission study soon raised the issue of changing Boston's fiscal year in order to facilitate budget calendar revision. Upon request the Research Bureau prepared a discussion of the advantages and disadvantages of a July 1 as against the present January 1 fiscal year in Boston.

Purpose of Present Report. The point of departure for this report is a specific minimum program of improved procedure. It incorporates various suggestions made from a number of quarters including the individual members of the Commission.

The program outlined is based on strong citizen interest in the budget power as a means of popular control. Under sound practice the budget affords the citizen and taxpayer his best chance to judge the city government and weigh its activities in terms of dollars and cents.

Likewise the program represents an effort to harmonize conflicting viewpoints and bring together a group of proposals as to which there can be general agreement. It avoids emphasis on measures which the members of the Special Commission would find unacceptable. It is offered for consideration now although the Research Bureau believes that further advancement beyond this program will have to be made both in the legislative and administrative phases of budget practice before Boston catches up with other well-governed cities.

Proposed Program. Five major points are included:

- (1) Submission of city and school budgets by January 1 and passage by March 15.
- (2) More nearly complete budgeting by inclusion of revenue estimates and a tax rate forecast.
- (3) Tighter expenditure control up to passage of annual appropriations.
- (4) Curtailed power of appropriation transfers during the year.
- (5) Increased mayoral control of school appropriations.

Method of Presentation. These five objectives are well adapted to remedial legislation, and it is felt that the membership of the Special Commission is particularly competent to sponsor the suggested changes.

In the pages which follow a suggested redrafting of Senate Bill 510 of 1939 is taken up section by section. First there is a textual discussion of the meaning and purpose of the provisions of the redraft, followed by the revised wording of each section. At the end appears a summary of the statutory changes.

Budget Calendar, Scope of Budget, and Council Action

Budget Calendar Revision. The purpose of a budget is to limit the expenditures of the several departments and to set a maximum figure beyond which they cannot go. If several months of the fiscal year are allowed to elapse while departments are bound by no more than the prior year's appropriations, the City is really operating without a budget for that period of time. If savings or reduced

departmental appropriations are incorporated in a budget, then delay can only mean a loss.

Section 3 of the City Charter of Boston contains certain requirements with respect to budget procedure. The sole reference to calendar responsibility of the Mayor relates to submission of the city and county budget to the City Council within 30 days after the beginning of the fiscal year.

For years this provision could not be obeyed because a very small Boston tax limit was annually revised on a temporary basis by the General Court. The rather long period necessary for annual legislative reconsideration therefore resulted in the fiction of an annual "dummy" budget to meet the January 30 requirement, the "dummy" being regularly sent to the Council by that date and then forgotten. In 1936 statutory changes eliminated legislative delay, and city authorities have since made limited progress toward earlier budget submission. In 1937 and 1940 mayoral allowances were in the Council's hands by January 30. As the law stands, it seems unlikely that the City will go further than the strict letter of the Charter with respect to the date of budget submission.

The revised statutory language suggested below proposes that the budget be submitted by January 1. Hence it moves only part way toward the ultimate objective of passage by the beginning of each fiscal year, which the legislative resolve directed the Special Commission to consider. The proposal is a compromise between the best practice and current procedure, but technical difficulties and the existing conflict between the City's fiscal and political years may justify an intermediate compromise.

Snow Removal Allowance. One of the most difficult problems connected with early budget submission is the determination of snow removal allowances. Snow removal expense fluctuates widely and cannot be anticipated with certainty.

To prevent evasion of the problem, the Research Bureau has incorporated

a provision establishing a mandatory annual snow appropriation equal to the average snow removal costs of the preceding five years. Transfers from this appropriation would be prohibited and any unexpended balance would be allowed to revert to the general fund. If a sum greater than the five-year average were required, the excess could be met by a supplementary appropriation under the emergency clause to be considered later.

This provision is similar to that found in the new charter of New York City.

Scope of the Budget. A complete budget is a comprehensive financial plan for a definite period which specifies all the financial needs of a city government and balances proposed expense with anticipated income. The Mayor's present budget is considerably narrower. It omits all revenue and many expenditures, and contains only estimated allowances for (a) city and county departments; (b) city revenue departments; and (c) capital outlays financed from current income. In its printed form the budget is accompanied by a message from the Mayor, ordinarily brief and confined to justification of such major changes as summary figures happen to reveal. The budget document also carries draft ordinances for action by the City Council.

In Boston the computation of the tax rate presents the most readily understood summary of the City's financial plans. Now the budget contains no reference to the impending tax rate or to the items affecting it beyond the Mayor's allowances. Although it is recognized that early estimates might be subject to later refinement, the proposed redraft would require the Mayor to accompany his budget with an estimate of revenue and expenditures affecting the tax levy.

Use of the segregated budget depends solely upon administrative sanction - a point which the Boston Finance Commission recently underscored. An ordinance passed by the City Council allows the Budget Commissioner to prepare,

with mayoral guidance, the form of the estimate sheets. The Council did not see fit to press its views as to administrative detail. Nevertheless, as the Finance Commission observes, the segregated budget might well be given a formal status. The more suitable method is by city ordinance rather than by statute.

Council Action on the Budget. Council action on the budget rarely consumes more than a month (See Appendix A). Protracted consideration, as in 1937 and 1939, is exceptional. Similarly Council rarely alters the Mayor's allowances, although in the same two years it made some reductions. Despite a tendency toward perfunctory procedure, budget review remains Council's most important formal activity. The six weeks provided in the proposed statute for deliberation are ample for questioning department heads, conducting hearings, and debate.

Whereas in times past the appropriations committee of the City Council has given the public little if any opportunity to participate in rather than merely observe its budget deliberation, it has more recently held open meetings to hear citizens and citizen agencies. As a definite safeguard, the City Council should be required to hold a public hearing on the budget as provided in the proposed statute. At least seven days notice should be given, and the budget should be available in printed form when the hearing is announced.

Supplementary Budgets. In past years supplementary budgets containing ordinary maintenance allowances have been regularly submitted until declaration of the tax rate. Such budgets should be permitted only in genuine emergencies. Furthermore, no appropriations to be met from the tax levy should be made after the tax rate has been declared. The general laws provide a financial remedy for emergencies subsequent to fixing the tax rate.

Proposed Draft:

Section 1. Section 3 of chapter 486 of the acts of 1909, as amended by section 2 of chapter 479 of the acts of 1924, is hereby further amended by striking out said section 3 and inserting in place thereof the following new section:-

Section 3. All appropriations, other than for school purposes, to be met from taxes, revenue, or any source other than loans shall originate with the mayor, who not later than January 1 of each fiscal year shall submit to the city council the annual budget of the expenses of the city and county for the fiscal year beginning on said January 1, accompanying said annual budget with a statement of all items entering into the tax rate computations of the two preceding years, and of the same items as estimated for the ensuing fiscal year. The annual budget shall include an item for snow removal in an amount equal to the average of the expenditures for such snow removal during the five years preceding the year covered by the annual budget as submitted by the mayor. The city council may reduce or reject any item except the item for snow removal, but without the approval of the mayor shall not increase any item in, nor the total of a budget, nor add any item thereto, nor shall it originate a budget. Not later than February 15 the city council, after a public hearing of which at least seven days notice shall have been given, shall enact such orders as may be required to make the appropriations for the fiscal year, based on the budget submitted by the mayor, legally effective. It shall be the duty of the city and county officials, when requested by the mayor, to submit forthwith in such detail as he may require, estimates for the next fiscal year of the expenditures of the department or office under their charge, which estimates shall be transmitted to the city council.

During the fiscal year the mayor may submit supplementary budgets to meet emergencies involving danger to property, life, public safety or public health, and the city council subject to the limitations set forth in this section relating to the annual budget shall pass such orders as may be required to make legally effective the appropriations based on said supplementary budgets; provided that no appropriation to be met from taxes shall be made by the city council after the tax rate for the year shall have been fixed.

Enforcement of Budget Calendar and Appropriation Transfer Control

Enforcement of Budget Calendar. Penalty clauses are proposed to assure compliance with the revised budget calendar. If the Mayor neglects to submit a budget by January 1, the appropriations of the preceding fiscal year, less 10%, automatically become the new allowances to be considered by Council. Likewise, if the City Council fails to act by February 15, the Mayor's budget allowances become the annual appropriations. These two provisions should obviate submission of "dummy" budgets and should forestall prolonged budget scrutiny by Council.

In each fourth year, however, an incoming Mayor should be allowed to submit budget revisions. Otherwise a new city administration would be deprived of the opportunity to translate its pledges into action. The recommended solution is to permit an incoming Mayor until February 15 to propose revisions of the budget

submitted by his predecessor. When an incoming Mayor exercises his option of budget revision, the Council ought to have an additional 20 days in which to review the Mayor's changes.

Transfer Restriction. The value of a budget can be largely destroyed unless the power of transfer is closely restricted. The proposed draft tightens up the existing transfer procedure, which contains many inconsistencies and invites budget change by administrative fiat. The City Auditor, with the approval of the Mayor, can now make transfers from the reserve fund and between divisions of a department at any time but not between departments. After November 15 there is no restriction on executive transfer except as to transfers from loan to current revenue funds.

Dangers implicit in this wide authority include payroll inflation by transfer, diversion of allowances from the activity to which they were assigned by Council, and free-and-easy budgeting whereby department heads are assured that their special interests will be "taken care of later" by transfer of funds.

During 1939 some \$850,000 was transferred by the City Auditor with the Mayor's approval: (1) within appropriations of individual departments by major budget classifications, as for example from C (Equipment) items to any of the other classifications, A through H, and (2) between departments after November 15, under the Mayor's authority. This total excludes transfers from the reserve fund, inter-departmental transfers with Council approval, and reallocations within the same appropriation group, as for example from B 8 to B 39, or from D 1 to D 4.

In an effort to discover the most acceptable practice, the Research Bureau has not found any such liberal transfer power in other cities as the Mayor and Auditor of Boston enjoy. Ordinarily appropriation transfers are prohibited except with Council approval. In view of this background the draft statute amends the transfer power by the following provisions so as to curtail the broad authority vested in administrative officers.

(1) Prohibition, as at present, upon transfer from a loan appropriation to an appropriation from current income.

(2) Prohibition upon transfer at any time from one department to another, or from a non-personnel appropriation to personnel except by favorable vote of the City Council.

(3) Allow transfer of appropriations with mayoral approval from one division of a department to another, or from one budget classification to another, (e.g., B 8 to C 9) except from non-personnel to personnel.

These changes provide flexibility in enforcing a large budget and yet help prevent manipulation. Publicity is assured by requiring that all appropriation transfers shall be published in the City Record. The new draft omits the final provision of Section 3 of the present Charter which permits the city auditor, with the approval of the Mayor, to "apply any of the income and taxes not disposed of in closing the accounts for the financial year in such manner as he may determine." This provision has been eliminated because it serves no real need and holds the possibility of future abuse.

Proposed Draft:

Section 2. Section 2 of Chapter 206 of the Acts of 1891, and Chapter 261 of the Acts of 1893, are hereby repealed.

Section 3. Said Chapter 486 of the Acts of 1909 is hereby further amended by adding after section 3 the following new sections:-

Section 3A. In case of failure by the mayor to submit to the city council by January 1 the annual budget of the expenses of the city and county, the appropriations based on the annual budget of the preceding fiscal year less 10% shall be held to be the annual budget submitted by the mayor to the city council, and no supplementary budgets may be submitted by the mayor prior to the determination of the tax rate for the said fiscal year.

Section 3B. If by February 15 of any fiscal year, or in the case of a supplementary budget within 30 days after the submission thereof, the city council shall have failed to make the appropriations for the fiscal year in the manner provided for in section three, or the appropriations recommended by the mayor in a supplementary budget respectively, the several amounts recommended for appropriation in the annual or a supplementary budget as the case may be shall be held to be the appropriations for the several objects

and purposes specified and shall be in full force and effect as if made by the city council; provided, however, that in any year following an election at which a new mayor is elected as successor to the then incumbent the mayor may not later than February 15 submit to the city council a revision of the budget for the fiscal year, and in making such revision the mayor may increase, decrease, or reject any budget item except the item for snow removal. The city council may reduce or reject any item as so revised except the item for snow removal, but without the approval of the mayor shall not increase any item in, or add to the total of the budget as so revised nor add any item thereto, nor shall it originate a budget, provided, however, that if the city council does not act within 20 days the revised budget shall be held to be the appropriation for the several objects and purposes specified and shall be in full force and effect as if made by the city council.

Section 3C. After an appropriation of money has been duly made by the city government of Boston for any specific purpose, or for the needs and expenditures of any department, no transfer of any part of the money thus appropriated shall be made except within the department, or in accordance with and after the written recommendations of the mayor to the city council, approved by the yeas and nays vote of two-thirds of the members of the city council; provided that money appropriated for snow removal shall not be transferred to any other appropriation, and that money raised by loan shall not be transferred to any appropriation from income or taxes; and provided further that no money shall be transferred to an appropriation for personal service, except from the reserve fund in accordance with and after the written recommendations of the mayor, approved by the city council as aforesaid. The city auditor may, with the approval in each instance of the mayor, at any time make transfers from the appropriation for the expenses of one division of a department to the appropriation for expenses of any other division of the same department and from the reserve fund to any appropriation for the current expenses of a department other than for personal service. Every order for the transfer of any appropriation shall be published in the next ensuing issue of the City Record.

Mayoral Veto of Council Action

At present the Council may reduce or reject but not increase the Mayor's budget. After Council action the appropriation order, like every other Council authorization to spend, is subject to mayoral approval. When the Council acts contrary to the Mayor's viewpoint by reducing or rejecting budget items, the Mayor under existing practice may resubmit the disputed items in original or amended form up to the time when the tax rate is declared. If this procedure is followed repeatedly there is great danger of breakdown of the budget calendar through delays.

The draft statute allows the Mayor one opportunity to resubmit disputed budget items in their original form. If a majority of the Council so decide, they can reduce or reject such items as resubmitted and their action is final. Otherwise

the items sent back by the Mayor have all the force and effect of regular appropriations. Five days are given the Mayor to decide whether he wishes to take issue, and Council has ten days to act on the resubmitted items.

It may be argued that the suggested provision weakens the authority of the Mayor because if he wishes to upset Council reductions or rejections, he can now keep the question open sufficiently long so that the threat of payless paydays will force Council to capitulate. This argument is basically unsound, however, since the intent of Boston's charter is clearly to have Council act as a brake on spending through a limited power of reduction or rejection of proposed expenditures. The draft bill recognizes the fact and eliminates possible delay and bickering.

Proposed Draft:

Section 4. Section 4 of Chapter 486 of the Acts of 1909 is hereby further amended by striking out the last sentence, and by inserting in place thereof a new sentence to read as follows: If the same involves the expenditure of money, the mayor may approve some of the items in whole or in part and disapprove other of the items in whole or in part; and such items or parts of items as he approves shall be in force, and such items or parts of items as he disapproves shall be void; provided, however, that if the city council reduces or rejects any items of the annual budget or a supplementary budget, the mayor may, within 5 days, state his objections thereto in writing and resubmit the items to the city council in their original amounts. If the city council within 10 days approves, reduces or rejects any items as resubmitted by a vote of (one-half or two-thirds) the members of the city council taken by yeas and nays, such action shall be held to be final, but if the city council does not take such action within 10 days the items as resubmitted shall be held to be appropriations for the several objects and purposes specified and shall be in full force and effect as if made by the city council.

Expenditures Prior to Passage of Budget

Inasmuch as several months normally elapse between the start of the fiscal year and final approval of appropriation orders, spending authority during this interim is governed by formula. Departments inside and outside mayoral control are allowed to spend up to one-third the annual appropriations of the preceding fiscal year. Expenditures under the one-third rule are charged to current appropriations when made.

The law governing interim expenditure dates back more than 50 years. It is weak, loose legislation which leaves the door open to extravagance early in the year. Other cities and towns in the Commonwealth do not enjoy such easy-going authority. Repeal is recommended.

In place of the old formula, it is suggested that a provision of the Municipal Finance Act (Chapter 44 of the General Laws) be adapted to Boston. This Act declares that before the regular appropriations are made, the liabilities incurred in any one month by a spending agency must not exceed the maximum sums spent for similar purposes during any one month of the preceding fiscal year. It also makes special adjustment for any new agencies and contains additional safeguards with respect to payroll expenditures.

Proposed Draft:

Section 5. Section 6 of Chapter 266 of the Acts of 1885 as amended by Chapter 320 of the Acts of 1889 is hereby further amended by striking out the following words:- Except that at the beginning of the financial year, to meet the liabilities of the several departments incurred in the carrying on of the work entrusted to them, until the city government shall otherwise order, expenditures may be made, liabilities may be incurred and payments made from the treasury from any funds therein, and the treasurer may borrow money in anticipation of taxes to provide funds. Such expenditures and liabilities shall not exceed for each department, one-third the entire amount appropriated for the department the previous year, and shall be considered and reckoned as a part of the expenditures of, and the money paid therefor as a part of the appropriations for, the current financial year.

Section 6. In the period after January 1 of each fiscal year and before the regular appropriations have been made by the city council and the school committee of the city of Boston, city, county and school officers who are authorized to make expenditures may incur liabilities in carrying on the work of the several departments entrusted to them, and payments therefor shall be made from the treasury from any available funds therein and charged against the next annual appropriation; provided, that the liabilities incurred during such interval for regular employees do not exceed in any one month the average monthly expenditures of the last 3 months of the preceding fiscal year, and that the total liabilities incurred during said interval do not exceed in any one month the sums spent for similar purposes during any one month of the preceding fiscal year; and provided, further, that said officers who are authorized to make expenditures may expend in any one month for any new officer or board lawfully created an amount not exceeding one-twelfth of the estimated cost of said new officer or board for the current fiscal year. All interest and debt falling due in said interval shall be paid.

Revision of School Budget Procedure

Budget Calendar Revision. The School Committee acts almost without hindrance insofar as a budget calendar is concerned, and without the restraint of responsibility for the tax rate. Its rules merely stipulate that the Business Manager shall submit his estimates by the end of February, or "as soon thereafter as may be practicable" - a requirement which means little if anything. By law school requirements must be certified to the Assessors by May 1 for inclusion in the tax levy. This time limit has also been ignored at will. Estimates for the Department of School Buildings are approved by the Commissioners of that department and then submitted to the School Committee, in recent years soon after the start of the fiscal year.

School budgets, covering both the general operation and maintenance of the schools and the School Buildings Department, should be in the hands of the School Committee by January 1. This represents the least that should be expected of school authorities by virtue of the fact that four months, or nearly half, of the academic year will already have elapsed. For conference and review the School Committee, like the City Council, should have six weeks. In line with the calendar proposed for city and county agencies, the Committee ought to pass the school appropriation order by February 15.

Public Hearing on the Budget. Heretofore the School Committee has conducted its budget sessions in privacy. Open meetings of the Committee have been little more than ratifying assemblies; the important decisions are made in conference. Only by special permission have citizen groups been able to present their views. This year the Committee adopted the commendable policy of opening its conferences to groups which it recognized as having an interest in city finance.

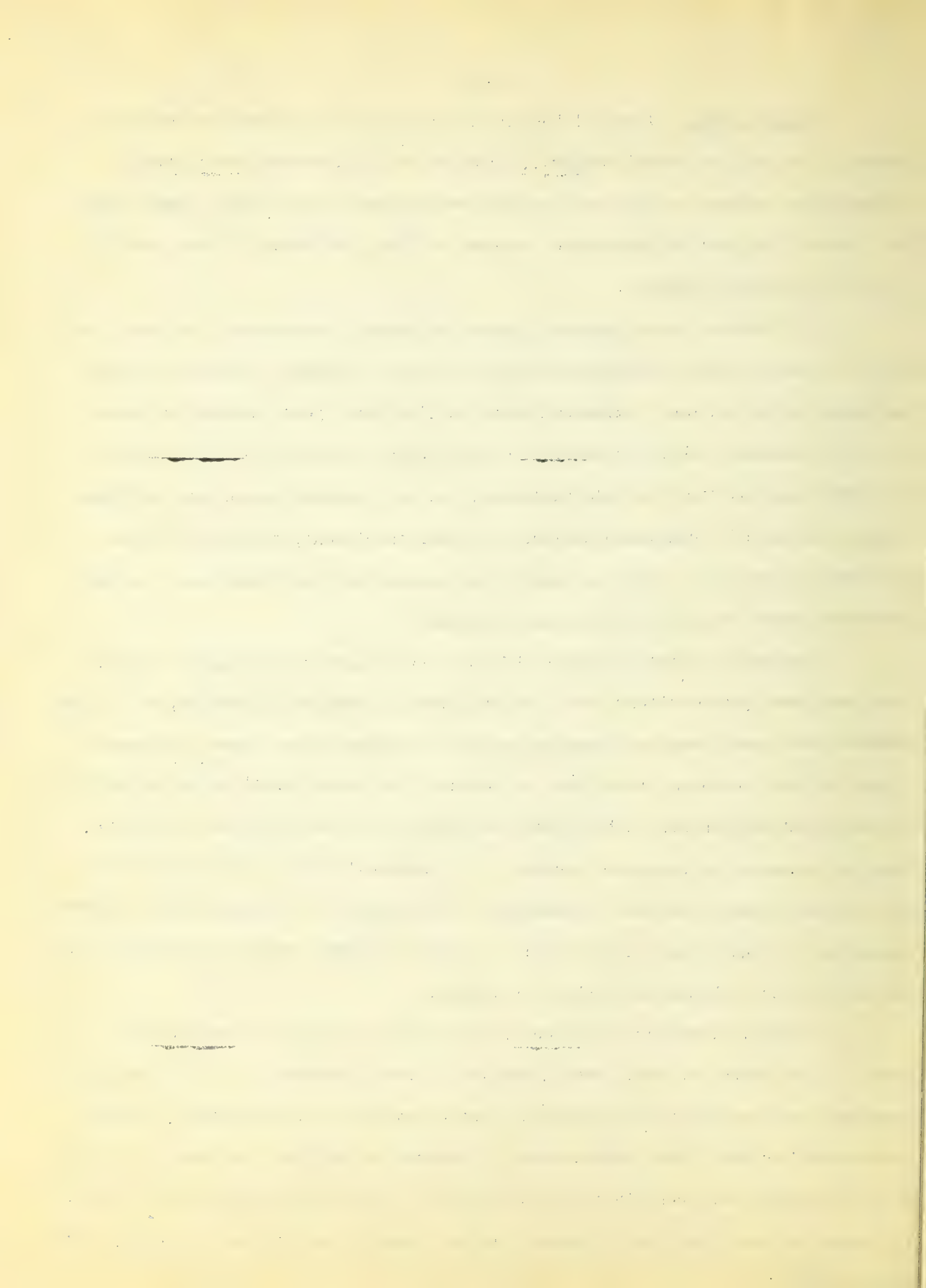
In the public interest the School Committee should be required to hold an open hearing on the budget after giving seven days' notice and making the preliminary estimates available.

Mayoral Veto. Approval by four of the five School Committee members is necessary to pass the school budget. The Mayor has an item veto over school appropriation orders, but his veto may be over-ridden by four school committeemen. As a special legislative commission reported in 1936, the Mayor's "veto power is of little practical effect."

By statute, school appropriations for general maintenance and operation may not exceed a limit of \$15,160,000 plus available balances, estimated income, and excess of actual over estimated income for the prior year, unless the Mayor approves additional amounts annually. Other limits in terms of tax rate control the alteration and repair of old buildings, and the construction of new buildings. Largely because of a continued decline in school enrollment, these limits have lost their restrictive effect on general maintenance and operation, much the most important aspect financially of school expenses.

The draft statute provides that only by unanimous vote can the School Committee pass appropriations over a mayoral veto. Furthermore, the Mayor is given absolute veto power over any increase in school appropriations above the amounts allowed in the preceding fiscal year for each of the three school purposes: general operation and maintenance, alterations and repairs, and new land and buildings. These two changes are suggested because, as a practical matter, the public does not hold the School Committee responsible for the tax rate, although school appropriations are a large factor in the rate; the Mayor is looked upon as responsible for the tax rate even though his control is limited.

Present statutory provisions give the Mayor 15 days to use his veto power. If he exercises that power, additional time is necessary so that the School Committee may override a veto other than one of increased expenditures. Adequate enforcement of these time requirements is provided in the draft statute, since the School Committee must certify the school budget to the Board of Assessors by March 15; otherwise the prior year's school appropriations, less 10%, are to apply to the current year.



Proposed Draft:

Section 7. Section 3 of chapter 224 of the acts of 1936 is hereby amended by striking out said section 3 and inserting in place thereof the following new section:

Section 3. The votes of the school committee of said city making appropriations as aforesaid shall have the same force and effect as orders or votes of the city council thereof appropriating money, and shall be subject to the same provisions of law in respect to approval by the mayor, except that a unanimous vote of all members of the school committee, taken by yeas and nays, shall be necessary to pass such appropriations over the veto of the mayor before the expiration of the ensuing ten days after such veto, and provided further that the mayor shall have absolute veto power over so much of the total school appropriations for the three school purposes described in section 2 as is in excess of the appropriations for each of the same purposes in the preceding year.

Estimated allowances for school purposes shall be submitted to the school committee by January 1 of each fiscal year, and after a public hearing of which at least seven days' notice shall have been given all appropriations for said school purposes to be raised by taxation shall be passed by said committee, not later than February 15.

All appropriations to be raised by taxation made by the school committee of said city shall be certified by the school committee to the board of assessors thereof not later than March 15 in each year and the assessors shall include the same in the levy of that year.

If by March 15 of any fiscal year the school committee shall not have so certified all appropriations to be raised by taxation, the board of assessors shall include in the levy of that year all appropriations so certified by said committee in the preceding fiscal year less 10%.

Summary

Measures proposed in this report are aimed at tightening Boston's budget laws in order to establish a minimum program of improvement in local budget methods. The revision would enable citizens to obtain a comprehensive, yet readily grasped, overall view of the City's financial plans. While budget action is being deliberated by the City Council and the School Committee, citizens and citizen groups would have an opportunity to express their judgment directly and in detail.

Changes are designed to insure prompt adoption and strict enforcement of the budget. Additional features are provisions for curtailing the administrative power of transfer, restricting expenditures in advance of the annual appropriations, and strengthening the Mayor's veto of school allowances.

A digest of the foregoing draft legislation which would accomplish these purposes follows.



Digest of Bill Revising Boston's Budget Procedure

Section 1. The first paragraph of Section 3 of the City Charter is amended by requiring the Mayor to submit city and county budget "not later than January 1" instead of "within 30 days after the beginning of the fiscal year." Comparative tax rate computations must accompany the budget and an allowance for snow removal must be included (5-year average). The City Council must act not later than February 15 after a public hearing. In genuine emergencies supplementary budgets are permitted until the tax rate is fixed. The second paragraph of old Section 3 dealing with appropriation transfers becomes new Section 3C which is summarized below.

Section 2. Transfer provisions dating from 1891 and 1893 are repealed.

Section 3. Sections 3A, 3B, and 3C are added to the City Charter:

3A. If Mayor fails to submit the annual budget by January 1, the prior year's appropriations, less 10%, are held to be the annual budget; supplementary budgets are then prohibited.

3B. If Council fails to act by February 15, the Mayor's budget becomes effective. An incoming Mayor may submit budget revisions up to February 15, on which the Council must act within 20 days.

3C. Existing transfer provisions are strengthened by requiring Council approval of all budget transfers between departments. Paragraph two of Section 3 of the Charter is amended by removing the power of the Mayor and Auditor to make transfers between departments without Council approval between November 15 and January 1. Publicity in the City Record is required on all transfers. Restrictions are placed on transfers which increase personnel appropriations.

Section 4. The Mayor has one opportunity to resubmit budget items reduced or rejected by the Council.

Section 5. Laws of 1885 and 1889 permitting departments to spend up to one-third of their prior year's appropriation pending passage of the budget are repealed.

Section 6. Provisions of Section 34 of the Municipal Finance Act (Ch. 44, G.L.) are adapted to Boston. Monthly liabilities pending budget passage are not to exceed expenditures for similar purposes "during any one month of the preceding fiscal year." Pro-rata monthly expenditures are allowed for new officers or boards. Full payment is provided for interest and debt falling due.

Section 7. This section tightens up the 1936 school spending law. It requires a unanimous vote, rather than the same four-fifths vote by which the School Committee must pass the annual budget, to over-ride a mayoral veto; it makes the mayoral veto absolute with respect to appropriation increases over the prior year. School budgets must also be submitted to the School Committee by January 1 and after a public hearing passed by February 15. School requirements must be certified to the Board of Assessors by March 15, thus allowing a month for the Mayor to veto and the School Committee to reconsider. If certification is not made by March 15, the prior year's appropriations less 10% are in effect, thus preventing undue budget delay.

APPENDIX A

City-County Budget Calendar, 1925-1940

Year	Tax Limit Bill Approved by Governor	Mayor Submits Budget	Budget Passed by City Council	Budget Approved by Mayor	Days Elapsing From Jan.1 to Budget Approval
1925	April 27	May 4	May 4	May 5	125
1926	March 15	March 15	March 22	March 23	82
1927	April 11	April 18	May 16	May 17	137
1928	April 4	April 9	May 7	May 8	129
1929	March 20	March 25	April 29	April 30	120
1930	March 12	March 31	April 21	April 22	112
1931	Feb. 17	March 16	April 13	April 14	104
1932	March 31	April 4	April 18	April 20	111
1933	May 3	May 22	June 12	June 13	164
1934	May 10	May 28	June 13	June 13	164
1935	May 24	May 13	June 13	June 15	166
1936	--	May 13	May 25	May 26	146
1937	--	Jan. 30	April 5	April 9	99
1938	--	April 13	May 2	May 3	123
1939	--	March 27	June 12	June 13	164
1940	--	Jan. 29	March 25	April 9	100

Results of Council Action on City Budget, 1925-1940

Year	Amount of Mayoral Budget	Council Reduction	Supplementary Budget Allowances*
1925	\$25,433,946	None	\$450,000
1926	30,833,237	\$5,000	4,967
1927	30,523,464	None	--
1928	31,591,844	22,591	22,591
1929	33,658,383	None	--
1930	35,189,249	"	1,674,008
1931	38,957,838	"	500,079
1932	38,448,366	"	2,214,256
1933	34,400,000	"	6,450,000
1934	33,471,702	"	6,382,362
1935	40,296,169	3,527	2,000,000
1936	38,235,210	None	2,000,000
1937	33,455,113	530,405	7,418,923
1938	39,158,813	15,700	1,275,000
1939	38,560,605	225,256	1,630,000
1940	40,803,651	113,000	

*In the period covered the City Council made no supplementary budget reductions except for \$576,724 in 1937.



